

Current Canada Travel Summary

STATS-AT-A-GLANCE 2014 YTD (last update 2014-08-20)

U.S. Arrivals from Canada (inbound 1+ nights)

Most Recent Month: +2.6% (Jun)
 2014 YTD: -0.6% (Jun)
 12-Month Rolling Avg. + 0.3% (Jun) (**Chart 1**)

Overnight volume monthly performance in 2014 has been uneven. The June growth of +2.6% is the best of the year and will have to continue if the +2% forecast for the year is to materialize. For perspective, outbound to all other countries is up 8.0% for the year and is up even more strongly recently.

U.S. Departures to Canada (outbound 1+ nights)

Most Recent Month: -0.7% (Jun)
 2014 YTD: +0.1% (Jun)
 12-Month Rolling Avg. -1.0% (Jun)

U.S. outbound to Canada remains in a five-year funk following the hemorrhaging in the 00s, during which outbound volume was halved. Over the past 60 months, volume from the USA to Canada goes up some, down some, but mostly sideways.

Economic Factors

Real GDP change has been positive for eleven consecutive quarters, and is growing at a 2+% annual rate. Exports account for 45% of GDP and thus changes in GDP are sensitive to changes in the exchange rate, which began 2014 at US\$0.94 (**Chart 2**) and has had a roller-coaster ride since then. At this writing it stands at US\$0.92 but is trending downward once more. The employment situation has improved since the start of 2010, but is now trending flat at 7%. (**Chart 3**-this data is not seasonalized).

Latest News

Duty-free limit. Traveler volume performance is no longer impacted artificially by the increase in this limit, which has now been in effect for more than two years. The days of 70+% monthly increases in the 1-night only auto segment are over. Of course, the limit increase remains a positive factor impacting short-term shopping travel to the USA.

Cross-border air travel. There is no new news in this area, but NTTO is hopeful that 2013 annual profile data available later this year will flush out many of the details sought from this ongoing and growing trend. An annual (January) survey of Canadian households' travel intentions reports this trend continues to grow.

Chart 1: Traveler Volume to the USA and Rest of World: 12-Month Moving Average
 (1+ nights--any travel mode)

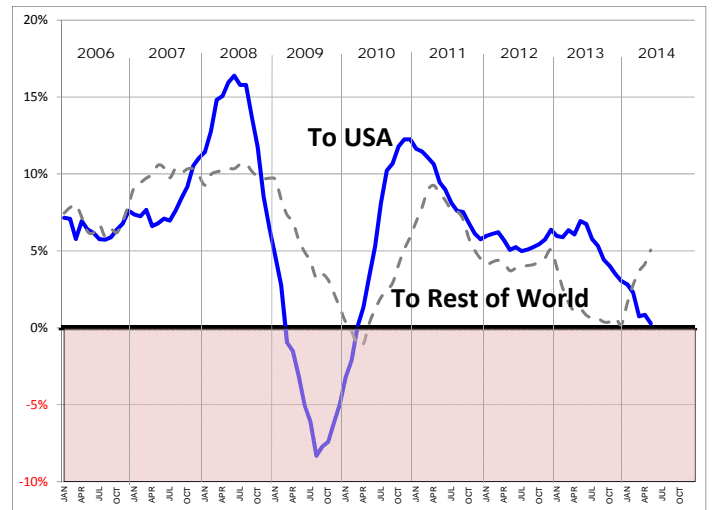


Chart 2: Currency Exchange Rate
 (Canadian traveler perspective)
 (monthly average of \$U.S. per 1 Canadian dollar)

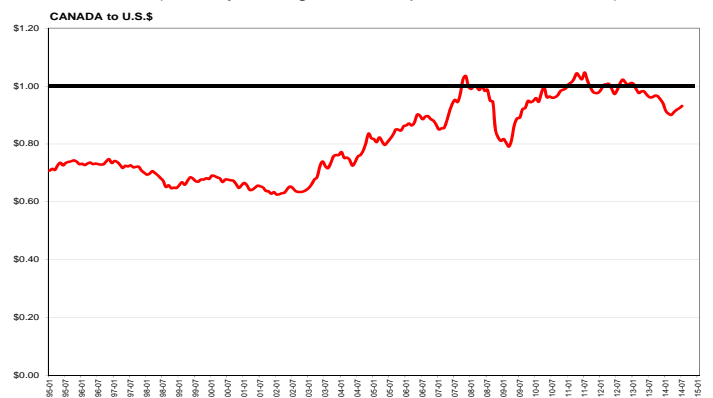


Chart 3: Canada Unemployment Rate
 (as a % of the labor force)



SOURCE: WWW.TRADINGECONOMICS.COM | STATISTICS CANADA

Sources: Statistics Canada. *International Travel Survey* monthly website CANSIM files. TradingEconomics.com. Brand USA. *FY14 Business Plan (November 2013)*. 2014 Hotel Association of Canada *Canadian Travel Intentions Survey*.